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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

IN THE MATTER OF THE APPLICATION OF  
VALLEY UTILITIES WATER COMPANY, INC.,  
FOR AN ACCOUNTING ORDER REGARDING  
DEFERRAL OF ARSENIC TREATMENT  
OPERATING AND MAINTENANCE EXPENSES

DOCKET NO. W-01412A-07-0278

PROCEDURAL ORDER

**BY THE COMMISSION:**

On November 14, 2005, the Arizona Corporation Commission ("Commission") issued Decision No. 68309. Decision No. 68309 authorized rates for Valley Utilities Water Company, Inc. ("Valley Utilities" or "Company"). In addition, Decision No. 68309 approved Valley Utilities' request for a Water Infrastructure Financing Authority ("WIFA") loan in the amount of \$1,926,100 for the purpose of financing proposed arsenic treatment facilities capital expenditures. Decision No. 68309 denied the Company's request to institute an arsenic operating and maintenance recovery surcharge mechanism ("AOMRSM").

On May 9, 2007, Valley Utilities filed an Application for an Accounting Order ("Application") in this docket. In the Application, the Company requests that the Commission order the Company to "account for all Operating and Maintenance Expenses association with the Arsenic Treatment Plant constructed pursuant to and in accordance with Decision No. 68309, be recorded in NARUC Account Number 186.2 (Other Deferred Debits), for the purposes of permitting recovery of those costs in future rate case(s) as determined by the Commission in those proceedings."

On October 1, 2007, in a separate docket, Valley Utilities filed an application for an emergency rate increase in the form of a well surcharge in two phases based on meter sized, and an application to obtain financing totaling \$250,000.

1 On January 23, 2008, the Commission issued Decision No. 70138, approving an interim  
2 emergency surcharge effective for all service provided on and after the first day of the month  
3 following that in which the Company closes on and draws on the long term WIFA financing also  
4 approved in the Decision. Decision No. 70138 ordered the Company to file an application for  
5 permanent rate relief with a test year ending June 30, 2008, no later than December 1, 2008.

6 On March 28, 2008, the Commission's Utilities Division Staff ("Staff") filed a Staff Report  
7 on the Application, recommending denial.

8 On April 10, 2008, Valley Utilities filed Applicant's Response to Staff Report, disagreeing  
9 with Staff's recommendation. The Company's April 10, 2008 filing requests "that the Commission  
10 set this matter for hearing, only if deemed necessary."

11 On June 2, 2008, a Procedural Order was issued setting a Procedural Conference for June 11,  
12 2008, to allow the parties to discuss the necessity for a hearing in this matter, and to discuss  
13 scheduling if a hearing is to be set.

14 On June 5, 2008, Staff filed a Motion to Reschedule Procedural Conference ("Motion"), due  
15 to unavailability of counsel.

16 Counsel for the Company indicates that it will not object to the Motion.

17 The Motion is reasonable and unopposed, and should be granted.

18 IT IS THEREFORE ORDERED that the **Procedural Conference** in the above-captioned  
19 matter currently set to commence on June 11, 2008, is hereby **continued** to commence on **June 18,**  
20 **2008, at 1:30 p.m.**, or as soon thereafter as is practical, in Room 100, at the Commission's offices,  
21 1200 West Washington Street, Phoenix, Arizona 85007.

22 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized  
23 Communications) applies to this proceeding and shall remain in effect until the Commission's  
24 Decision in this matter is final and non-appealable.

25 IT IS FURTHER ORDERED that all parties must comply with Rule 38 of the Rules of the  
26 Arizona Supreme Court with respect to practice of law and admission *pro hac vice*.

27 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
28 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the

1 Rules of Arizona Supreme Court). Representation before the Commission includes to appear at all  
2 hearings and procedural conferences, as well as all Open Meetings for which the matter is scheduled  
3 for discussion, unless counsel has previously been granted permission to withdraw by the  
4 Administrative Law Judge or the Commission.

5 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
6 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
7 hearing.

8 DATED this day 9th of June 2008.

9  
10  
11 

12 TEENA WOLFE  
ADMINISTRATIVE LAW JUDGE

13 Copies of the foregoing mailed/delivered  
14 this 9th day of June 2008 to:

15 Richard L. Sallquist  
16 SALLQUIST, DRUMMOND & O'CONNOR, P.C.  
17 4500 South Lakeshore Drive, Suite 339  
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Attorneys for Valley Utilities Water Company, Inc.  
-via fax and U.S. mail -

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22 Phoenix, AZ 85007

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2200 North Central Avenue, Suite 502  
27 Phoenix, AZ 85004-1481

28 By:



Debra Broyles  
Secretary to Teena Wolfe